

## **CITY OF HAYWARD**

### **AGENDA REPORT**

AGENDA DATE 05/23/06

AGENDA ITEM 11

WORK SESSION ITEM \_\_\_\_\_

**TO:** Mayor and City Council  
Redevelopment Agency Board Members

**FROM:** Director of Community and Economic Development

**SUBJECT:** Appropriation of Low and Moderate Income Housing Funds for Sara Conner Court

#### **RECOMMENDATION:**

It is recommended that the City Council and Agency Board adopt the attached resolutions appropriating Redevelopment Agency Low and Moderate Income Housing (Low Mod Housing) funds for Eden Housing, Inc. (Eden) and authorizing the City Manager to execute necessary documents.

#### **DISCUSSION:**

Eden and City staff began working together in late 2002 to identify sites for affordable housing developments in Hayward. Ultimately, a site on Mission Boulevard adjacent to the Union City line was selected for 57 units of rental housing affordable to families with incomes from 30% to 60% of median household income. This development has been named Sara Conner Court and construction will be completed later this year.

The City allocated a variety of funds to assist Eden with site acquisition, predevelopment and construction of the affordable units. Each source of funding has its own specific regulations and requirements as to the eligible costs which may be reimbursed. CDBG funds in the amount of \$350,000 were allocated as an acquisition activity in the FY 2003-04 Action Plan adopted by Council on May 13, 2003. The Council and Agency Board approved substantial loans of HOME (\$4.5 million) and Low Mod Housing (\$1.75 million) funds on June 14, 2004. In order to ensure that the rents will be as low as possible, the loans to EHI are fully deferred with a three percent interest rate for 55 years which is the term of the Regulatory Agreement. The total project cost is estimated at approximately \$19 million.

In February 2006, the use of the CDBG funds was reviewed as part of a routine monitoring by the U.S. Department of Housing and Urban Development (HUD). The monitoring report concluded that a small portion of the costs reimbursed with CDBG funds were not eligible as costs *necessary to effect the acquisition of the site*, including syndication application fees, construction estimating, and permit fees. These predevelopment costs had been eligible in the past if they addressed a need identified in the City's Comprehensive Housing Affordability Strategy (CHAS). When the Consolidated Plan replaced the CHAS, revised regulations did not clearly state that a waiver from HUD was required *prior* to the allocation of CDBG funds for

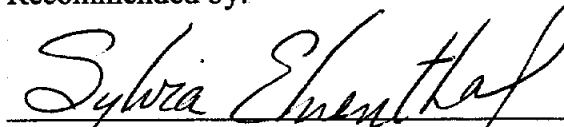
such predevelopment costs. All of these costs are eligible uses of the Low Mod Housing funds and it is proposed that these funds be allocated and added to the prior loan amount on the same terms. Eden has agreed that this does not present a problem for the project financing or record-keeping.

Staff recommends that the City Council and Agency Board adopt the attached resolutions appropriating Redevelopment Agency Low and Moderate Income Housing funds for Eden Housing, Inc. (Eden) to replace a like amount of Community Development Block Grant funds previously loaned to Eden for certain predevelopment costs and authorizing the City Manager to execute necessary documents to enable the City to return \$63,727 to its CDBG line of credit by June 30, 2006. These returned CDBG funds will be available for allocation through the Citizen Advisory Commission's routine Request for Proposal and funding process for FY 2007-08.

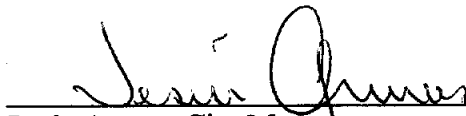
Prepared by:

  
\_\_\_\_\_  
Gail Patton  
Neighborhood and Economic Development Manager

Recommended by:

  
\_\_\_\_\_  
Sylvia Ehrenthal  
Director of Community and Economic Development

Approved by:

  
\_\_\_\_\_  
Jesús Armas, City Manager

Resolutions

 **DRAFT**

**REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD**

**RESOLUTION NO. RA-06-**

**Introduced by Agency Member \_\_\_\_\_**

**RESOLUTION AMENDING RESOLUTION NO. RA 05-12,  
THE BUDGET RESOLUTION FOR THE REDEVELOPMENT  
AGENCY OF THE CITY OF HAYWARD FOR FISCAL  
YEAR 2005-2006, RELATING TO AN APPROPRIATION OF  
FUNDS FOR SARA CONNER COURT**

**BE IT RESOLVED** by the Redevelopment Agency of the City of Hayward that Resolution No. RA 05-12, the Budget Resolution for the Redevelopment Agency of the City of Hayward for fiscal year 2005-2006, is hereby amended by appropriating \$63,727 from the Redevelopment Agency Low and Moderate Income Housing Fund for Eden Housing, Inc. To replace a like amount of Community Development Block Grant (CDBG) funds previously granted to Eden for certain predevelopment cost for Sara Conner Court.

**HAYWARD, CALIFORNIA \_\_\_\_\_, 2006**

**ADOPTED BY THE FOLLOWING VOTE:**

**AYES: AGENCY MEMBERS:**

**CHAIR:**

**NOES: AGENCY MEMBERS:**

**ABSTAIN: AGENCY MEMBERS:**

**ABSENT: AGENCY MEMBERS:**

**ATTEST: \_\_\_\_\_**

**Secretary of the Redevelopment Agency  
of the City of Hayward**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
**General Counsel**

**City Attorney of the City of Hayward**